

MEETING MINUTES
Finance Committee
Tuesday, March 15, 2011

CALL TO ORDER

Time – 7:00 P.M.

Members in attendance: Chairman Joanne F. Marden, Mary O'Donoghue, Cindy Milne, Mark Merritt, S. Jon Stumpf, Richard T. Howe, Paul Fortier and Peggy Kruse.

Also present: Finance Director Tony Torrisi, Assistant Town Manager Steve Bucuzzo

CONTINUED DISCUSSION OF BUDGET ISSUES

Chairman Marden opened up the meeting by requesting that the Committee discuss questions and recommendations for the School Committee at the following night's Tri-Board Meeting. It was noted that the School Committee was expected to present a budget with a \$1.2M shortfall. Additionally, that the School Department had agreed to a 2% reduction in compensation benefits. Committee members discussed the following issues to bring before the other boards: SPED mandate validity, COLA's, hiring of 4 additional FTE's with one-time use of funding, replacement of retired teachers, 15% increase in Evaluation & Therapy, and an increase in SPED transportation.

Police Chief Brian Pattullo informed Committee members that while the School Department agreed to a 2% reduction in COLA's, that School budget money could be directed to COLA's per state law. He added however, that if COLA's were omitted from Town Budgets, funding would not be there for departments. He noted the probability of unions then filing under unfair labor practice law making it necessary for the Town to find funding through appropriations.

The following options to close the \$1.2M budget gap were discussed: Monthly revenue increases due to license and permit building fees and bond premium income. The latter option was noted to be risky. Steve Bucuzzo noted that State Aid was a larger concern at this point. He added the Town Manager was planning on presenting his final budget recommendation at the next Board of Selectmen meeting.

A memo authored by Dick Howe titled Andover Town Meeting and Collective Bargaining was distributed for discussion. Mr. Howe stated he wished to clarify that obligations for existing contracts should be budgeted for both Town and School departments. He added that his suggestions are not to be considered as a temporary measure to close the budget gap and offered to further investigate the use of Free Cash as a future appropriation source. Mr. Howe reminded Committee members that the Compensation Fund is not mandated. Chairman Marden disagreed with the option of using Free Cash. Mr. Torrisi and Steve Bucuzzo both spoke to the importance of the Town having a set-aside fund in order to pay for settlements citing the difference between Town and School budgeting mechanisms.

Lengthy discussion ensued regarding a need for more transparency with respect to collective bargaining vs. where to draw the line so as not to interfere with the collective bargaining process. Steve Bucuzzo noted that the Compensation Fund is the funding mechanism

for funding contracts and that if State arbitrators were to look at past practices this could be problematic for the Town. He added the Town will do a better job with transparency issues and suggested that the Finance Committee deliver presentations at Town Meetings after settlements have been made. Town Moderator Sheila Doherty spoke to the financial impact of contracts that residents should be made aware of. She added that it is her belief that there should always be Town Meeting approval prior to contract approval. Ms. Doherty encouraged the Finance Committee to further investigate ways to inform taxpayers. Chief Pattullo suggested the use of tax impact information to the Compensation Fund warrant article in the Finance Committee Report.

Committee members ended this meeting by directing Mr. Howe to further investigate options for more transparency regarding the funding of collective bargaining settlements.

ADJOURNMENT – 9:00 P.M.

Respectfully Submitted,
Carolyn Lynch
Recording Secretary